

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 EB-07 EPG-02 TRSE-00 STR-04

OMB-01 CEA-01 COME-00 FRB-03 XMB-02 OPIC-03

LAB-04 SIL-01 AGRE-00 ITC-01 IO-13 /115 W

-----121959 200111Z /63

R 190840Z JUL 77

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 8122

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY KUALA LUMPUR

CINCPAC

AMEMBASSY CANBERRA

AMEMBASSY WELLINGTON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY COPENHAGEN

AMEMBASSY BRUSSELS

AMEMBASSY BONN

C O N F I D E N T I A L SECTION 1 OF 2 SINGAPORE 3031

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E.O. 11652: GDS

TAGS: EGEN, PFOR, ASEAN

SUBJ: BRIEFING BY SINGAPORE FOREIGN MINISTER ON ASEAN PROGRESS

1. SUMMARY: SINGAPORE FOREIGN MINISTER RAJARATNAM PRESENTED A
SOBER GOS APPRECIATION OF THE OUTCOME OF THE 10TH ANNUAL

ASEAN MINISTERIAL MEETING TO AMBASSADORS REPRESENTING COUNTRIES WITH WHICH ASEAN HAS HAD OR PLANS TO HAVE CONSULTATIONS. HE FOUND PROGRESS TOWARD ECONOMIC COOPERATION DISAPPOINTING, ESPECIALLY ON THE FIVE ASEAN INDUSTRIAL PROJECTS, AND SET FORTH THE GOS'S PREFERENCE FOR INVITING PRIVATE ENTREPRENEURS TO IDENTIFY AND PARTICIPATE IN FUTURE PROJECTS. ON THE OTHER HAND, RAJARATNAM DESCRIBED A REINFORCED SENSE OF UNITY AMONG THE FIVE PARTNERS, AND POINTED TO AGREEMENT ON INTER-ASEAN PREFERENCES ON 71 PRODUCTS AS A BEGINNING TOWARD A MUCH LONGER LIST OF PRODUCTS. HE MENTIONED THAT NEGOTIATIONS ARE NOW IN COURSE TO TRILATERALIZE THE EXISTING BILATERAL PREFERENTIAL ARRANGEMENTS BETWEEN SINGAPORE AND THE PHILIPPINES, AND SINGAPORE AND THAILAND, AND HOPED THAT THIS EXAMPLE WOULD LATER DRAW IN INDONESIA AND MALAYSIA. HE CONCLUDED BY STATING THAT ASEAN NOW IS PURSUING MORE MODEST GOALS, ADDING THAT GOS VIEWS ON ALTERNATIVE COURSES OF ACTION FOR ASEAN WOULD NOT NECESSARILY BE ACCEPTED AT THE KUALA LUMPUR SUMMIT. IN RESPONSE TO THE ZELGIAN AMBASSADOR'S REPORT THAT THE EEC IS DETERMINED TO "FIGHT BACK" AGAINST ASEAN CHARGES OF PROTECTIONISM AND TO PRESERVE THE GSP SYSTEM, RAJARATNAM SAID IT IS NECESSARY TO MOVE TOWARD FREER TRADE AND EXPRESSED CONCERN THAT EXPEDIENT MEASURES TAKEN BY ASEAN TRADING PARTNERS COULD BECOME PERMANENT FEATURES IN THEIR TRADE RELATIONS. END SUMMARY.

2. SINGAPORE FOREIGN MINISTER RAJARATNAM GAVE A BRIEFING JULY 18 TO AMBASSADORS OR CHARGES OF EEC COUNTRIES PLUS
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AUSTRALIA, NEW ZEALAND, CANADA, JAPAN, AND THE U.S. ON OUTCOME, AS PERCEIVED BY SINGAPORE, OF RECENT ASEAN ECONOMIC MINISTERS MEETING AND 10TH ASEAN MINISTERIAL (FOREIGN MINISTERS) MEETING. PRESENT WERE REPRESENTATIVES OF AUSTRALIA, NEW ZEALAND, FRG, CANADA, FRANCE, ITALY, U.K., JAPAN, DENMARK, AND BELGIUM IN ADDITION TO MYSELF. RAJARATNAM INDICATED THAT HE ARRANGED THE BRIEFING IN KNOWLEDGE THAT ASEAN WAS MUCH IN THE PAPERS THESE DAYS, AND HE WANTED TO GIVE AN ASSESSMENT OF ITS STATUS AS A PRELUDE TO THE UPCOMING ASEAN SUMMIT IN KUALA LUMPUR.

3. RAJARATNAM'S DESCRIPTION OF ASEAN'S CURRENT STATUS WAS VERY SOBER, AND IN EFFECT PUT AN OFFICIAL STAMP ON OPINIONS WE HAVE HEARD EXPRESSED INFORMALLY BY OTHER SINGAPORE SOURCES ON LACK OF PROGRESS WITHIN ASEAN IN DEVELOPING ECONOMIC COOPERATION. RAJARATNAM FRANKLY EXPRESSED DISAPPOINTMENT THAT THE ORGANIZATION HAD NOT MOVED AS FAST AS HAD BEEN HOPED. AT THE FEBRUARY 1976 BALI SUMMIT, FIVE ASEAN INDUSTRIAL PROJECTS ON WHICH TRADE PREFERENCES WOULD BE GRANTED HAD BEEN SELECTED, BUT THESE HAD BEEN PICKED HASTILY AND HAD NOW OBVIOUSLY RUN INTO DIFFICULTIES DUE TO LACK OF ADVANCE PLANNING. FOR EXAMPLE, THE THAI SODA ASH PROJECT, IN ADDITION TO OTHER PROBLEMS WAS LOCATED IN THE NORTHEAST NEAR A POLITICALLY

UNSTABLE REGION, AND FOR THIS REASON NOBODY WANTED TO PUT UP ANY MONEY. SIMILAR DIFFICULTIES HAD CROPPED UP WITH RESPECT TO EVERY OTHER PROJECT EXCEPT FOR INDONESIA'S ALREADY ONGOING UREA PROJECT. AS A RESULT, SINGAPORE WAS BEGINNING TO BELIEVE ON THE BASIS OF ITS OWN EXPERIENCE THAT IT WAS SIMPLY NOT FEASIBLE FOR A GROUP OF BUREAUCRATS JUST TO NAME PROJECTS AND THEN GET THEM OFF THE GROUND.

4. IN SINGAPORE'S JUDGMENT, A MORE PRACTICAL WAY TO PROCEED WAS TO SET GROUND RULES FOR PRIVATE INVESTMENT IN THE ASEAN REGION AND THEN INVITE ENTREPRENEURS TO COME IN AND TELL THE ASEAN COUNTRIES WHAT PROJECTS THEY WOULD LIKE TO PARTICIPATE IN AND WHICH THEY THOUGHT WOULD MAKE MONEY. THESE ENTREPRENEURS WOULD PREPARE FEASIBILITY STUDIES ON THE BASIS OF PROFITABILITY.
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IN THIS WAY, 30 OR 40 PROJECTS MIGHT BE EMBARKED UPON REGIONALLY AND BROUGHT TO FRUITION MORE QUICKLY AND EFFICIENTLY.

5. RAJARATNAM WENT ON TO SAY ON THE POSITIVE SIDE THAT SINCE BALI THE FIVE ASEAN COUNTRIES WERE FOR THE FIRST TIME CONSIDERING ISSUES ON AN INTRA-REGIONAL BASIS, AND ALSO WERE CARRYING ON OR PREPARING TO INITIATE DIALOGUES WITH THE EEC, JAPAN, AUSTRALIA, NEW ZEALAND, CANADA, AND THE U.S. THIS NEW SENSE OF ASEAN UNITY MIGHT ALSO PERMIT THE MEMBER STATES TO INCREASE THEIR INTRA-REGIONAL TRADE, RATHER THAN RELY SO HEAVILY ON TRADE WITH THE OUTSIDE WORLD, AND THUS ALLOW THEM TO WAIT FOR "BETTER WEATHER" INTERNATIONALLY: IMPROVEMENT IN WORLD ECONOMIC CONDITIONS, REDUCED UNEMPLOYMENT, AND DIMINISHED PROTECTIONISM AND ECONOMIC NATIONALISM. IN THE MEANTIME, ASEAN HAD AGREED UPON 71 PRODUCTS FOR PREFERENTIAL TREATMENT WITHIN THE REGION AND THESE COULD BE EXTENDED "MODESTLY" TO A LIST OF SEVERAL HUNDREDS. THE PROCESS MIGHT NOT BE VERY DRAMATIC, BUT ONCE STARTED AND BENEFITS WERE PERCEIVED, THE TENDENCY WOULD BE TO BECOME MORE AMBITIOUS.

6. RAJARATNAM ALSO NOTED THAT ARRANGEMENTS WERE CURRENTLY UNDERWAY TO EXTEND THE BILATERAL ARRANGEMENTS FOR TARIFF CUTS ALREADY WORKED OUT BETWEEN SINGAPORE-THAILAND AND SINGAPORE-PHILIPPINES INTO A TRILATERAL ARRANGEMENT JOINTLY INVOLVING ALL THREE COUNTRIES. IN FACT, RAJARATNAM SAID, MEETINGS TO THIS END WERE TAKING PLACE THAT SAME DAY. AS FOR THE OTHER COUNTRIES (INDONESIA AND MALAYSIA), SINGAPORE UNDERSTOOD THEIR POSITION BUT HOPED THEY WOULD FIND IT POSSIBLE LATER ON TO JOIN IN ONCE THEY SAW THE ADVANTAGES OF SUCH AN ARRANGEMENT. WHAT ALL THIS BOILED DOWN TO, RAJARATNAM STATED, WAS THAT THE MORE DRAMATIC ASPECTS OF ASEAN WHICH HAD BEEN TALKED ABOUT EARLIER WERE NOW BECOMING MORE MODEST, AND PROGRESS WAS BEING SOUGHT IN SMALLER AREAS WHERE IT COULD BE ATTAINED.
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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01

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INFO AMEMBASSY BANGKOK

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7. RAJARATNAM INDICATED IN RESPONSE TO A QUESTION THAT THE 71 ASEAN PRODUCTS AND THE TRILATERAL ARRANGEMENTS WERE PARALLEL MEANS TOWARD ACHIEVEMENT OF ASEAN PREFERENTIAL TRADE, AND MADE IT PLAIN THAT SINGAPORE WAS LOOKING TOWARD A SYSTEM OF ASEAN-WIDE TARIFF REDUCTIONS. I ASKED AS A PRACTICAL MATTER HOW THE 10 PERCENT ACROSS-THE-BOARD TARIFF REDUCTIONS SINGAPORE HAD AGREED TO WITH THAILAND AND THE PHILIPPINES WERE ACTUALLY WORKING OUT, AND WAS TOLD THAT THIS WAS NOW BEING SUBSUMED IN THE NEGOTIATIONS FOR A TRILATERAL ARRANGEMENT -- EACH COUNTRY WAS PUTTING UP A LIST OF PRODUCTS ON WHICH TARIFF REDUCTIONS WOULD BE REQUESTED (NOTE: THIS SOUNDS AS IF THE ACROSS-THE-BOARD ELEMENT HAS UNDERGONE SOME MAJOR SURGERY).

8. BELGIAN AMBASSADOR DEPASSE MENTIONED THAT HE HAD RECENTLY CONTACTED DAVIGNON, IN CHARGE OF EEC INDUSTRIES, WHO HAD TOLD HIM THE EEC'S PRESENT APPROACH TO ASEAN TRADE WAS THAT THE COMMUNITY WAS DETERMINED TO "FIGHT BACK" AGAINST ASEAN CHARGES OF PROTECTIONISM, AND THAT THE GSP SYSTEM HAD TO BE PRESERVED. HOWEVER, THERE WERE CONTINGENCIES FOR HARDSHIP, AND THE EEC ACCENT WOULD NOT BE ON CLAMPING DOWN ON EXPORTS OF THE DEVELOPING COUNTRIES, BUT RATHER ON MAINTAINING AND REGULATING THE RATE OF INCREASE. RAJARATNAM SAID IN RESPONSE THAT SINGAPORE BELIEVED IT WAS NECESSARY TO MOVE TOWARD FREER TRADE ON A CONSTANT AND PLANNED BASIS, AND EXPRESSED CONCERN THAT EXPEDIENT MEASURES ADOPTED BY ASEAN'S TRADING PARTNERS TO MEET A PROBLEM AT A GIVEN MOMENT COULD BECOME A PERMANENT FEATURE.

9. THE JAPANESE AND FRG AMBASSADORS BOTH MADE IT PLAIN THAT THEY WELCOMED RAJARATNAM'S THOUGHTS ABOUT INVITING FOREIGN ENTREPRENEURS TO GENERATE ASEAN PROJECTS. THEY POINTED OUT, THOUGH, THAT IN THE ABSENCE OF INFORMATION AS TO WHAT PREFERENTIAL TREATMENT MIGHT BE EXPECTED WITHIN ASEAN, FOREIGN BUSINESSMEN
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WERE LIKELY TO HOLD BACK ON THEIR INVESTMENTS. RAJARATNAM SAID THAT SINGAPORE WAS EXPLORING WITH ITS ASEAN PARTNERS HOW THIS MATTER COULD BE ADDRESSED. PERHAPS FOREIGN CAPITAL MIGHT BE ASKED TO TAKE PART IN ONE BIG PROJECT FOR WHICH TARIFF REDUCTIONS COULD BE ARRANGED WITHIN ASEAN, OR PERHAPS A LARGER NUMBER OF SMALLER PROJECTS COULD BE ARRANGED.

10. RAJARATNAM CONCLUDED BY EXPLAINING THAT HE HAD BEEN PRESENTING THE SCENE AS VIEWED FROM SINGAPORE, BUT HAD NO AS-

SURANCES THAT HIS OUTLINE OF ALTERNATIVE COURSES OF ASEAN
DEVELOPMENT WOULD BE ACCEPTED AT THE KUALA LUMPUR SUMMIT.
IT WAS POSSIBLE THAT THE FIVE ASEAN PROJECTS ALREADY DESIGNATED
MIGHT BE RE-EMPHASIZED, MODIFIED OR EVEN REPLACED. IT WAS ALL
UP TO THE FIVE HEADS OF STATE OR GOVERNMENT. HOLDRIDGE

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Message Attributes

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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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SAS ID: 1817258
Secure: OPEN
Status: NATIVE
Subject: BRIEFING BY SINGAPORE FOREIGN MINISTER ON ASEAN PROGRESS
TAGS: EGEN, PFOR, ECIN, SN, ASEAN
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/0f5f9a67-c288-dd11-92da-001cc4696bcc
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